

## PUBLIC SERVICE COMMISSION OF WISCONSIN

### Minutes and Informal Instructions of the Open Meeting of Thursday, December 18, 2008

The Public Service Commission of Wisconsin (Commission) met as noticed. Present were Chairperson Callisto, Commissioner Meyer, and Commissioner Azar.

#### **Minutes**

The Commission approved the minutes of the Open Meeting of Thursday, December 11, 2008.

#### **5-BS-172 – Application of the City of Juneau, as an Electric Public Utility, for Authority to Sell Certain Transmission Facilities Located in the City of Juneau, Dodge County, Wisconsin, to American Transmission Company LLC**

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

#### **5-BS-173 – Application of the City of Two Rivers, as an Electric Public Utility, for Authority to Sell Certain Substation Facilities Located in the City of Two Rivers, Manitowoc County, Wisconsin, to American Transmission Company LLC**

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

#### **5-BS-174 – Joint Application of Wisconsin Power and Light Company and the Village of Mazomanie, Both as Electric Public Utilities, for Authority to Sell/Buy Certain Electric Distribution Facilities and to Transfer Two Customers Served by the Same Facilities from Wisconsin Power and Light Company to the Village of Mazomanie, Dane County, Wisconsin**

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

#### **5-CE-137 – Application of Wisconsin Power and Light Company and Wisconsin Electric Power Company for a Certificate of Authority to Install a Selective Catalytic Reduction System for NOx Removal on Unit 5 at the Edgewater Generating Station, Sheboygan County, Wisconsin**

The Commission approved the Notice of Proceeding and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**5-GF-180 – Application for Approval of a Boundary Agreement Between Wisconsin Electric Power Company and Wisconsin Power and Light Company For Natural Gas Service in the Town of Milton, Rock County, Wisconsin**

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**137-CE-156 – Application of American Transmission Company LLC to Modify the 345 kV Switchgear and Add a Second 345/138 kV Transformer and Related Facilities at the Kewaunee Substation, Located in the Town of Carlton, Kewaunee County, Wisconsin**

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**3790-TR-103 – Notification of Frontier Communications of Mondovi LLC that it Intends to Increase Telephone Rates**

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**2090-WR-110 – Application of Village of Fox Point Water Utility, Milwaukee County, Wisconsin, to Revise Public Fire Protection Charge Recovery Method**

The Commission approved the Notice of Proceeding and Telephonic Hearing and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**2430-WR-102 – Application of Hammond Municipal Water Utility, Saint Croix County, Wisconsin, to Revise Public Fire Protection Charge Recovery Method**

The Commission approved the Notice of Proceeding and Telephonic Hearing and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**4740-SR-102 – Application of Plymouth Utilities, Sheboygan County, Wisconsin, for Authority to Increase Sewer Rates**

The Commission approved the Notice of Proceeding and Telephonic Hearing and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**4900-CW-118 – Application of Racine Water Works Commission, Racine County, Wisconsin, for Approval of the 2008 and 2009 Capital Improvement Programs**

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**6420-WR-102 – Application of Weston Water Utility, Marathon County, Wisconsin, for Authority to Increase Water Rates**

The Commission approved the Notice of Proceeding and Telephonic Hearing and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**6430-WR-105 – Application of West Salem Municipal Joint Water and Sewer Utility, La Crosse County, Wisconsin, for Authority to Increase Water Rates**

The Commission approved the Notice of Proceeding and Telephonic Hearing and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**3270-UR-115 – Application of Madison Gas and Electric Company for Authority to Change Electric and Natural Gas Rates**

The Commission approved the Final Decision and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**9501-FE-106 – Contract – SEERA/WECC**

**Application for Approval of the Collective Statewide Energy Efficiency and Renewable Energy Contract Between the Statewide Energy Efficiency and Renewables Administration and the Wisconsin Energy Conservation Corporation**

The Commission approved the Statewide Energy Efficiency and Renewables Administration contract with the Wisconsin Energy Conservation Corporation for implementation of the statewide energy efficiency and renewable energy program.

The Commission directed the Gas and Energy Division to draft a letter to the Statewide Energy Efficiency and Renewables Administration to this effect.

**5-UI-113 – Investigation on the Commission’s Own Motion Regarding the Allocation of Act 141 Energy Efficiency and Renewable Resource Program Expenditures by Customer Class**

The Commission discussed the issues in this docket and decided to submit its recommendations to the Governor and the Legislature regarding Act 141 energy efficiency and renewable resource program expenditures.

If another meeting is not held prior to the end of the year, the Commission delegated review of the final report to Chairperson Callisto prior to its submission to the Governor and Legislature.

**4220-CE-168 – Application by Northern States Power Company – Wisconsin for Authority to Construct Transmission System Improvements and a New Gravel Island Substation in the Eau Claire – Chippewa Falls Area**

The Commission approved the submission of a petition to Dane County Circuit Court seeking an extension of time to take final action on the application for a certificate of public convenience and necessity in docket 4220-CE-168.

**6680-CE-173 – Application by Wisconsin Power and Light Company to Construct up to 200 MW of Wind Generation to be Called Bent Tree Wind Farm, in Freeborn County, in South Central Minnesota**

**1-IC-406 – Application for Intervenor Compensation Filed by Citizens’ Utility Board for \$3,086 to Participate in Docket 6680-CE-173**

The Commission approved the amended request filed on behalf of the Citizens’ Utility Board, Clean Wisconsin and RENEW Wisconsin (together, the Joint Public Intervenors) and granted the amount of \$29,889 in intervenor compensation to participate in the Wisconsin Power and Light Company application for authority to construct the proposed Bent Tree Wind Project.

The Commission directed the Gas and Energy Division to draft an order consistent with its discussion.

**5-ES-104 – Strategic Energy Assessment for the Years January 1, 2008, through December 31, 2014**

**1-IC-407 – Application for Intervenor Compensation Filed by Clean Wisconsin for \$20,640 to Participate in Docket 5-ES-104**

The Commission modified and approved the request filed on behalf of the Citizens' Utility Board, Clean Wisconsin and RENEW Wisconsin (together, the Joint Public Intervenors) and granted the amount of \$10,000 in intervenor compensation to participate in the Strategic Energy Assessment docket.

Commissioner Azar dissented.

The Commission directed the Gas and Energy Division to draft an order consistent with its discussion

**3280-WR-110 – Application of Madison Water Utility, Dane County, Wisconsin, for Authority to Increase Water Rates**

The Commission discussed the record in this docket and made determinations, including the following:

1. Madison Water Utility's request for an overall 13 percent water rate increase, including a single volume rate for the residential class and a toilet rebate program, is approved.
2. In future rate proceedings, water utilities will be allowed to include the cost of toilet rebate programs and other financial incentives to promote water conservation in their revenue requirements and allow for the recovery of these costs through rates.
3. Review and approval of any such programs shall be retained by the Commission.
4. If a utility proposes to use less than 1.5 percent of its operating revenues for water conservation programs, review and approval of such programs will remain delegated to the Administrator of the Division of Water, Compliance and Consumer Affairs.
5. If a utility proposes to use more than 1.5 percent of its operating revenues for water conservation programs, approval of such programs will be determined by the Commission.

6. Any novel issues proposed in connection with conservation programs will be subject to review and approval by the Commission, even if the utility proposes to use less than 1.5 percent of its operating revenue for such programs.
7. When requesting funding for energy efficiency programs, utilities shall provide justification of the benefits and costs, follow escrow accounting procedures; and report annually on the effectiveness of their energy efficiency efforts.

The Commission directed the Division of Water, Compliance and Consumer Affairs to draft an order consistent with its discussion.

The Commission delegated final approval of the order to the Administrator of the Division of Water, Compliance and Consumer Affairs. The order shall be mailed prior to the end of 2008.

**6680-UR-116 – Application of Wisconsin Power and Light Company for Authority to Adjust Retail Electric and Natural Gas Rates**

The Commission discussed the record in this docket and made determinations, including the following:

1. The Stipulations between Wisconsin Power and Light Company (WP&L) and other parties to the rate case proceeding in docket 6680-UR-116 are accepted.
2. As a result, WP&L's electric rates will remain unchanged and its gas rates will decrease by approximately \$3.9 million.
3. The gas decrease should be allocated to customer classes on the basis of revenues and to customers on the basis of therm usage.

The Commission directed staff to prepare notices that would open two generic dockets, one that would address buyback rates and the other that would create a collaborative on solar energy issues.

The Commission directed the Gas and Energy Division to draft an order consistent with its discussion.

**6690-UR-119 – Application of Wisconsin Public Service Corporation for Authority to Adjust Electric and Natural Gas Rates**

The Commission discussed the record in this docket and made determinations, including the following:

1. The Stipulations between Wisconsin Public Service Corporation (WPSC) and other parties to the rate case proceeding in docket 6690-UR-119 are accepted.
2. As a result, prior to the impact of the Commission's decision on decoupling, WPSC's electric rates remain unchanged and its gas rates will decrease by \$3 million.
3. The gas decrease is allocated to customer classes on the basis of revenues and to customers on the basis of therm usage.
4. A lightning strike at the Weston 3 power plant resulted in an extended outage causing WPSC to incur \$19.6 million of replacement power costs, on a retail basis. The Commission determined that WPSC did not follow its own preventative maintenance schedule for inspecting breakers at the power plant. The Commission, therefore, considers it reasonable for WPSC to bear a portion of the replacement power costs and decided to allow recovery of \$17 million of the costs to be amortized over six years without any recovery of carrying costs.
5. The WPSC/Citizens' Utility Board stipulation on decoupling is accepted with modifications. The decoupling proposal allows WPSC to recover in rates, or refund to customers, under- or over-collections in revenues. WPSC would in turn increase its contributions to Focus on Energy, complete community-based pilots, and decrease electric rates by \$1.7 million and gas rates by \$400,000 to reflect lower risk attributable to the decoupling proposal. Modifications to the proposal include:
  - a. WPSC shall complete at least three community-based pilots;
  - b. The additional energy efficiency programs shall receive prior Commission approval;
  - c. WPSC's commitment to support the final recommendations of the Global Warming Task Force should include the increased renewable portfolio standards recommendations;
  - d. Regular reviews of the decoupling mechanism should be conducted, with a comprehensive review to begin about six months before the end of the pilot period;

- e. WPSC shall return to ratepayers, or recover in rates, any over- or under-collection of revenues subject to a rate adjustment cap approximately equal to 100 basis points for electric and natural gas operations; and
- f. Any over- or under-collection of revenues shall be included in WPSC's next full rate case or rate case reopener and accrue carrying costs at the short-term debt rate.

The Commission directed the Gas and Energy Division to draft an order consistent with its discussion.

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Sandra J. Paske  
Secretary to the Commission